

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSALS THREE THROUGH EIGHT)

Docket No. RM2014-6

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-3 OF CHAIRMAN'S
INFORMATION REQUEST NO. 3
(August 1, 2014)**

The United States Postal Service hereby provides its responses to Questions 1-3 of Chairman's Information Request No. 3, issued July 30. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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August 1, 2014

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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1. Please confirm that IOCS-weight tallies will be used under the proposal to calculate the total cost of USPS Tracking for Cost Segments 3 and 6. If you are unable to confirm, please explain.

RESPONSE:

Not confirmed. Under the proposal, no costs will be assigned to USPS Tracking in Cost Segment 6 (City Carriers In-Office). In Cost Segment 3, the IOCS dollar-weighted tallies that are used are for window acceptance (CS 3.2 only) for First-Class Parcels and for Media/Library Mail (whether or not they have paid USPS Tracking or not). These window acceptance costs are multiplied by the percentage of volume from POS that has paid USPS Tracking to calculate the cost assigned to USPS Tracking.

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2. Please identify or describe the specific POS data that the proposed methodology relies on to distribute all Tracking costs, i.e., the number of transactions by product, revenue by product, or other.

RESPONSE:

The POS data used for First-Class Parcels and for Media/Library Mail are, for each product:

- a) Total volume sold
- b) Volume sold that also has paid USPS Tracking as an additional service.

The percentage of volume that has USPS Tracking (b/a) is used in the calculation of costs to assign to USPS Tracking.

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3. Please provide the IOCS-weighted tallies and POS applicable transaction data needed to fill in the table below. Please change column headings as applicable.

	IOCS-weighted Tallies for USPS Tracking		POS USPS Tracking Volumes	
	CS 3	CS 6	CS 3	CS 6
Other Ancillary Services (USPS Tracking)				
First-Class Parcels				
Standard Mail Parcels				
Bound Printed Matter Flats				
Bound Printed Matter Parcels				
Media and Library Mail				
First-Class Package Service				
Priority Mail				
Parcel Select Mail				
Total				

RESPONSE:

See Table below. It compares the dollar-weighted IOCS tallies from the FY13 ACR to the dollar-weighted tallies if Proposal 8 is accepted. The tallies shown in the Proposal 8 column are those resulting after POS data for the two products that have paid USPS Tracking are used to redistribute, based on the proportion of POS volume of each product shown in the last column that paid for Tracking. (The POS data used for that calculation were provided in the POSData tab of the IOCSDelConChanges Excel spreadsheet in the zip files provided in both USPS-RM2014-6/2 and USPS-RM2014-6/NP5.) A version of this Table giving detail on Competitive Products is filed under seal as USPS-RM2014-6/NP7.

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Product	FY2013 ACR IOCS		Proposal 8 IOCS (using POS Vol Data)		POS % Paid Tracking (applied to window costs)
	CS3	CS6	CS3	CS6	
Other Ancillary Services (incl. Delivery Confirmation)	132,533	13,908	111,940	12,874	21%
First-Class Parcels	266,884	18,110	263,329	18,110	
Standard Mail Parcels	47,555	7,059	47,555	7,059	
Bound Printed Matter Flats	41,812	11,017	41,812	11,017	
Bound Printed Matter Parcels	83,914	8,922	84,214	9,098	22%
Media and Library Mail	131,302	6,857	130,844	6,857	
Total Competitive	1,997,865	179,455	2,022,170	180,313	
Total	2,701,865	245,328	2,701,865	245,328	